

Message Text

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47

ACTION NEA-16

INFO OCT-01 EA-11 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-11

L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 EB-11 COME-00 DOTE-00 TRSE-00 DRC-01 /115 W

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R 141430Z AUG 74

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 8379

INFO AMEMBASSY BEIRUT

AMEMBASSY JIDDA

RUQMAD/AMEMBASSY TEL AVIV 3998

AMEMBASSY TOKYO

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E.O. 11652: NA

TAGS: ECRE EIND EINV EWWT EG

SUBJ: DEVELOPMENT OF THE SUEZ CANAL AREA:

RUMOR OF A NEW CANAL

REF: CAIRO 6024(NOTAL)

1. ON AUGUST 14 AMBASSADOR RECEIVED A VISIT FROM MR.L. EDGAR DETWEILER, WHO IS THE PRESIDENT OF THE SUEZ CANAL DEVELOPMENT CORPORATION WITH HEADQUARTERS AT 60 WALL STREET, N.Y. NY.Y. MR. DETWEILER CAME IN TO REPORT ON THE ACTIVITIES OF HIS COMPANY (REFTEL) AND TO ADVISE US ON THE STATUS OF HIS PROJECT.

2. HIS ASSOCIATES, WHICH ALLEDGEDLY INCLUDE IMPORTANT AND RESPONSIBLE OFFICIALS FROM A NUMBER OF CGUNTIES, HAVE PROPOSED TO THE GOE A FIVE MILE WIDE INDUSTRIAL FREE ZONE AND RESIDENTIAL AREA ON THE EASTERN SIDE OF THE SUEZ CANAL WHICH WOULD BE DEVELOPED AFTER THE CANAL HAS BEEN WIDENED.

DETWEILER SAYS THAT THIS SCHEME WAS CLOSE TO FRUITION IN 1967 AND WAS ABANDONED AFTER THE WAR. IT HAS NOW BEEN

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REACTIVATED AND, ACCORDING TO HIM, HAS BEEN ENTHUSIASTICALLY

RECEIVED AT THE HIGHEST LEVELS OF THE GOE.

3. DETWEILER SAID THAT DURING THE COURSE OF HIS RECENT MEETING WITH PRESIDENT SADAT AT WHICH THE SCHEME WAS PRESENTED, THE PRESIDENT PROPOSED INSTEAD THE CONSTRUCTION OF A NEW CANAL WHICH WOULD RUN IN A STRAIGHT LINE FROM SUEZ DUE NORTH TO THE MEDITERRANEAN AT EL TINA BAY. THIS CANAL WOULD BE 1,200 FEET WIDE, 80 FEET DEEP AND COULD THEREFORE TAKE VIRTUALLY ANY SIZE VESSEL. THE AREA BETWEEN THE TWO CANALS WOULD BE ESTABLISHED AS A FREE ZONE, MORE TERRITORY , SAYS DETWEILER, THAN IS REALLY NEEDED BUT THIS IN ITSELF IS NO PROBLEM. THE NEW CANAL WOULD BE 10 MILES SHORTER THAN THE EXISTING ONE, THEREBY MAKING EVEN MORE ATTRACTIVE SUCH A PROPOSAL, SINCE HE SAYS DIGGING A NEW CANAL IS CHEAPER THAN WIDENING THE OLD ONE. HE IS EVIDENTLY NOW OFF ON THIS NEW TANGENT.

4. COMMENT: DETWEILER, WHOSE PROMOTER ACTIVITIES ARE WELL KNOWN TO THE DEPARTMENT. CLAIMS THAT HE IS "FRONTING" FOR KAMAL ADHAM AND SAUDI MONEY. THIS MAY EXPLAIN THE EASE WITH WHICH HE HAS OBTAINED ACCESS TO SADAT, HEGAZI AND OTHERS. ON THE OTHER HAND, HIS CONTACTS GO BACK SEVERAL YEARS AND MAY BE BASED ON THE REPORTED INTEREST OF A NUMBER OF OTHER COUNTRIES, E.G. THE FACT THAT HE WAS ACCOMPANIED BY A FORMER JAPANESE MINISTER OF FINANCE (SUZUKI) WHEN HE CALLED ON SADAT.

5. I RECALL THAT THE LAST TIME THIS PARTICULAR PROJECT SURFACED IN THE PRESS, NEWSPAPERS IN BOTH BEIRUT AND TEL AVIV PAID CONSIDERABLE ATTENTION TO IT. WE ARE REPORTING DETWEILER'S CURRENT ROUND OF ACTIVITIES HERE SINCE THE SUBJECT MAY AGAIN ARISE IN THE LEBANESE AND/OR ISRAELI PRESS. USG IS OF COURSE IN NO WAY INVOLVED.
EILTS

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